

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Report contains Italian and EU agricultural news items of interest for the month of April 2010.

General Information:

ITALIAN AGRICULTURAL NEWS

Fake DOCG Chianti Seized.

The Ministry of Agriculture's "zero policy" towards fake food and drink continues to uncover frauds. Recently Italian police authorities seized 10 million liters of fake DOCG Chianti wine that was en route to the United States. In January 2010, 42 companies were implicated for mislabeling Chianti, Rosso di Montalcino, and Toscana IGT wines. The United States is a major importer of Chianti Classico with annual imports estimated at 30 percent of total production.

Minister of Agriculture Galan on GMOs

Newly elected Minister of Agriculture Galan has already made public statements concerning GMOs, noting that he does not intend to change decisions already made by the government, but that he believes in the value of research and innovation which are vital for the future of Italian agriculture. (Minister Galan is specifically referring to the inter-ministerial decree stopping the cultivation of GM maize.).

Italian Pasta Production and Exports Soar

Italy is both the world's leading pasta producer (valued at € 6.1 billion in 2008) and consumer (per capita consumption of 26 kilos). In order to maintain its production, Italy imported more than 406,000 tons of durum wheat from the United States in 2008. Italy's number one export market is Germany, followed by France, the United States and Britain.

Italians Block Canadian Biodiesel Claiming Shipment are of U.S. Origin

Italian customs officials in Venice and Trieste recently blocked a shipment of 10,000 tons of biodiesel declared to originate from Canada, but thought to be instead from the United States (therefore benefitting from U.S. industry subsidies). An Italian judge has since ruled that the provisional seizure in Venice was in fact valid as the product was being offered at \$150-180 per ton cheaper than EU biodiesel of similar quality, and at a lower price than biodiesel from the most common biodiesel raw materials, soy and rapeseed oil.

FEATURE ARTICLE

New Italian Minister of Agriculture

Giancarlo Galan was appointed as the new Minister of Agriculture replacing Luca Zaia who was recently elected President of the Veneto region. In fact, in something of a coincidence, Galan and Zaia are exchanging positions as Galan had been President of Veneto for the last fifteen years (1995-2010). Prior to becoming minister, Zaia had been the Vice President of the Veneto region.

Unlike Zaia, Galan has shown a more realistic approach on several issues, including biotech. Federico Vecchioni, President of Confagricoltura (the pro-biotech farmers' organization) supported Galan's candidacy, while Coldiretti (the strongly anti-biotech farmer group) opposed it. Although it is too

early to predict if Galan's appointment will lead to a substantial change in the Ministry's policy on biotech or other issues of U.S. interest, one early sign could be Galan's willingness to sign the decree approving biotech field trials, which Zaia refused to sign for nearly two years.

Galan's brief biography follows:

Giancarlo Galan was born in Padua in September 1956. He studied humanities, and took a degree in Jurisprudence at the University of Padua, with a thesis on Ecclesiastical Law. After a Master's degree in Business Administration at Bocconi University, Milan, he went on to become Central Director of Publitalia '80. In 1993, he built the structure of the new political movement Forza Italia in the Veneto, organizing moderate, reformist and liberal forces in the Region.

He was elected to the Italian Parliament in the 1994 election, and was a member of the First Commission on Constitutional Affairs. Nominated Regional Secretary of Forza Italia, he worked to strengthen the movement's roots in the local area. In 1995 he was elected first as a Regional Councilor and later as President of the Veneto Region. In the five years of his mandate, he promoted reforms and initiatives which allowed the Veneto to achieve a leading role in the country in the economic, social and cultural field, and gave a boost to the federalist reform of the state by presenting the draft legislation for the autonomy of the Region.

In direct elections in 2000 and again in 2005, the citizens of the Veneto confirmed their confidence in him by re-electing him President of the Region. Giancarlo Galan promoted his political commitments with enthusiasm, convinced of the importance of the Veneto not only in the national political landscape, but more generally as a driving force and center of excellence in relations with Central and Eastern Europe.

His attention was particularly focused on the implementation of federalism, the revision of the regional Statutes, equality in education and potential development of the economy while respecting environmental concerns. He has also been active in concrete initiatives in favor of small and medium-sized businesses, the driving force of the Veneto economy, and took a particular interest in young entrepreneurs, which he sees as a key way to battle unemployment.

THE EUROPEAN UNION

European Approach to GMOs a "Zero Sense" Policy

The European Union's zero-tolerance of trace amounts of unapproved genetically modified material in imported food and feed is scientifically unsound and could lead to economic ruin according to leading authors Robert Wagner and Alan McHughen in their "Zero sense in European approach to GM" published in EMBO Reports. The authors question whether European consumers are aware of just how much the zero-tolerance policy is costing them, both in denied benefits to farmers and increased food and feed costs to everyone. The article notes that the EU is becoming increasingly isolated internationally as its authorization procedures have not kept pace with the rapid adoption of new GM crops in other parts of the world.

The Common Agricultural Policy after 2013

The EU Commission is launching a public debate on the common agricultural policy post 2013 and is expected to present the proposals in 2011. The Commission, the EU-Parliament and the Council are expected to reach an agreement on a reform before 2013. The debate on the CAP is expected to accelerate this spring with the participation of the EU Commissioner for Agriculture and Rural development, the EU-Parliament and the European Agricultural Council at a conference in Copenhagen. The reform is likely to be negotiated during the Danish presidency in 2012.

EU Commission Lifts Emergency Measures on LL601 Rice

The EU Commission Standing Committee on the Food Chain and Animal Health (SCFCAH) has voted to remove emergency measures on U.S. rice. The decision is expected to take effect in a few months. The emergency measures require that an original laboratory report and USDA official document accompany all consignments of U.S. rice to confirm that the shipment does not contain genetically modified LL 601 Rice. In addition, the measures require that EU member states take random samples to verify that LL 601 Rice is absent. Although testing is likely to continue on a commercial basis in the near term, the removal of the emergency measures should have a positive impact on the U.S. rice trade. Prior to implementing the emergency measures in 2006, the United States exported 300,000 tons of rice valued at over \$86 million to the EU.

THE UNITED STATES

Millions Sought for Global Fund

The Obama administration is proposing to add \$408 million to a global fund to boost food production and encourage good farming practices in the developing world. The fund, created after the Group of 20 meeting in Pittsburgh last year, will begin with contributions from the governments of Canada (\$230 million), Spain (\$95 million) and South Korea (\$50 million) and from the Bill and Melinda Gates Foundation (\$30 million). Purpose is to provide money to poorer countries, particularly in Africa, that invest in local farming programs and agricultural development to increase crop yields, administration officials said. The funds are meant to be invested to improve land use planning, irrigation and farm machinery, to provide technical help to farmers and to build better roads linking farmers with their markets.

GE Crops Benefit Farmers with Proper Management

Many U.S. farmers who grow genetically engineered (GE) crops are realizing substantial economic and environmental benefits, such as lower production costs, fewer pest problems, reduced use of pesticides, and better yields compared with conventional crops, according to a new report from the National Research Council. However, GE crops resistant to the herbicide glyphosate, a main component in Roundup and other commercial weed killers, could develop more weed problems as weeds evolve their own resistance to glyphosate. GE crops could lose their effectiveness unless farmers also use other proven weed and insect management practices.

The report provides the first comprehensive assessment of how GE crops are affecting all U.S. farmers, including those who grow conventional or organic crops. While many American farmers are enjoying higher profits due to the widespread use of certain genetically engineered crops and are reducing environmental impacts on and off the farm, these benefits are not universal for all farmers. As more GE traits are developed and incorporated into a larger variety of crops, it's increasingly essential that we gain a better understanding of how genetic engineering technology will affect U.S.

agriculture and the environment now and in the future. Such gaps in our knowledge are preventing a full assessment of the environmental, economic, and other impacts of GE crops on farm sustainability. First introduced in 1996, genetically engineered crops now constitute more than 80 percent of soybeans, corn, and cotton grown in the United States. Farmers need to adopt better management practices to ensure that beneficial environmental effects of GE crops continue, the report says.

A GLOBAL PERSPECTIVE

GM Bananas Premier in Australia

Genetically modified bananas with increased levels of pro-vitamin A have been selected and grown in north Queensland, Australia. The GM bananas were planted as a part of the Bill and Melinda Gates Foundation project to address mineral and vitamin deficiencies in human nutrition in East Africa. Eastern African bananas are recipients of the pro-vitamin A genes in breeding studies conducted by the Australian Queensland University of Technology and the Ugandan Agriculture Research Organization (NARO). Succeeding research efforts will be geared towards iron accumulation in the fruit, and researchers are optimistic that micronutrient-enriched bananas will be in East African tables within five years.

FAO Conference Reexamines Role of Biotechnology

Increasing both research investment and agricultural productivity must be at the core of any strategy to reduce hunger and poverty according to the 300 participants from 68 countries that converged at a recent biotechnology conference in Guadalajara, Mexico. Organized by the Food and Agriculture Organization (FAO). The conference re-examined the role of biotechnology in the midst of problems related to global food security and climate change. FAO prepared several background papers on five key sectors: crops, forests, livestock, fisheries and aquaculture, and food processing and food safety. Through case studies, the documents determined the current status of biotechnologies in developing countries and explored possible applications.

FAS ROME REPORTING

IT1021 - Italy Pet Food Sector Overview

Italy offers an interesting and lucrative market for U.S. pet food producers, as industry sector indicators note that despite the economic turndown the market continues to grow, however U.S. exporters must comply with EU rules, including labeling, hygiene, animal health, certification, and the use of additives. In addition, all pet food production facilities and pet food ingredient facilities must be APHIS inspected and approved for compliance with EU export rules.

IT1022 - New Italian Minister of Agriculture

Giancarlo Galan has been appointed as the new Minister of Agriculture, replacing Luca Zaia who was recently elected President of the Veneto region.

IT1023 - Agricultural News for Italy and the EU – March 2010

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IT1024 - Italy - Application of Raw Milk Sampling Procedures

In Italy, the Italian Ministry of Health, through the ASL Veterinarians (local health authority) and the milk producers are involved in the application of raw milk sampling procedures under EU Directive 853/2004.

MT1001 – Malta – Retail Sector

The Republic of Malta is a small, densely populated island nation (approximately 400,000 people) situated in the Mediterranean sea. While the market is still dominated by small trading companies, mostly family businesses with individual companies acting as importers, wholesalers and distributors, Malta's entry into the EU has forced local traders to re-think their distribution strategies by opening the local market to foreign retail competition.

FAS ROME ACTIVITIES

FAS Rome travelled to Verona to attend Vinitaly in support of U.S. wine exports to Europe.

FAS Rome travelled to Nicosia to meet with official government and private sector representatives.

FAS Rome travelled to Greece to meet with official government and private sector representatives and to close the Athens office.